

**MINUTES OF THE
ECONOMIC DEVELOPMENT AND WORKFORCE SERVICES INTERIM COMMITTEE**
Wednesday, October 21, 2015 – 1:15 p.m. – Room 20 House Building

Members Present:

Sen. Aaron Osmond, Senate Chair
Rep. Rebecca P. Edwards, House Chair
Sen. Jani Iwamoto
Sen. Karen Mayne
Sen. Ann Millner
Sen. Brian E. Shiozawa
Sen. Jerry W. Stevenson
Rep. Patrice M. Arent
Rep. Rebecca Chavez-Houck
Rep. Sophia M. DiCaro
Rep. Bradley G. Last
Rep. Val L. Peterson
Rep. Scott D. Sandall

Rep. Robert M. Spendlove
Rep. John R. Westwood
Rep. Brad R. Wilson

Members Absent:

Rep. Keith Grover
Rep. Timothy D. Hawkes

Staff Present:

Mr. Benjamin N. Christensen, Policy Analyst
Mr. Peter Asplund, Associate General
Counsel
Ms. Debra Hale, Legislative Assistant

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Edwards called the meeting to order at 1:41 p.m.

MOTION: Rep. Chavez-Houck moved to approve the minutes of the August 19, 2015, meeting. The motion passed unanimously. Sen. Iwamoto, Sen. Mayne, Sen. Stevenson, and Rep. Wilson were absent for the vote.

2. State Workforce Development Board Amendments

Ms. Kathy Bounous, Director, Adjudications/Appeals, and General Counsel, Department of Workforce Services, in response to 2014 changes to the federal Workforce Investment Act, including the structure, function, and name of the State Council of Workforce Services, explained recommended conforming amendments to state statute for committee consideration.

MOTION: Rep. Arent moved to open a bill file to accommodate the changes as referenced by Ms. Bounous regarding conforming amendments to state statute in response to 2014 changes to the federal Workforce Investment Act. The motion passed unanimously. Sen. Iwamoto, Sen. Mayne, Sen. Stevenson, and Rep. Wilson were absent for the vote.

3. Consolidation of Annual Reports

Mr. Asplund, with a visual presentation, "Annual Reporting Provisions," reviewed a committee-recommended bill, S.B. 31, "State Agency Reporting Amendments," which, after two years of study, was passed in the 2014 General Session. Mr. Asplund described the annual written reporting requirements for each agency that reports to the committee. He said that the bill also consolidated separate reports into the annual written report from each agency.

Mr. Asplund said that legislative leadership asked all interim committees to look at this year's agency reports that may be outdated and should be repealed or modified. He reviewed reports that are currently required from the agencies that report to the committee and how the committee might want to respond. He explained that all agencies that report to the committee were asked to recommend any changes to the currently required reports and that, as a result, no additional report consolidation was recommended by the agencies for this year.

4. Department of Heritage and Arts – Annual Report

Ms. Julie Fisher, Director, Department of Heritage and Arts, presented the department's annual report in response to the requirement to report to the governor and the Legislature by October 1 of each year. She referred to two FY 2015 interim visual presentations, which highlighted the digitization process of the department and the operations, activities, programs, services, and accomplishments of the following: (1) Utah Division of State History, (2) Utah Division of Arts and Museums, (3) Utah State Library Division, (4) Utah Office of Multicultural Affairs, (5) Utah Division of Indian Affairs, and (6) Utah Commission on Service and Volunteerism.

Ms. Emily Johnson, Collections Registrar, Rio Grande Depot, Utah Division of Arts and Museums, displayed and described a painting by Utah artist David Meikle. She also displayed and described a saddle and said that these items were purchased by the State of Utah Fine Arts and Folk Arts Collections.

Mr. Doug Misner, Research/Collections Manager, Library and Collections, Utah Division of State History, displayed and described a wedding dress and hat from 1937 and reviewed a distributed booklet, "Utah Historical Quarterly, Summer 2015, Volume 831, Number 3," which highlighted a photo essay, "The Carol Carlisle Summer Wedding Dress Collection."

Mr. Geoffrey Fattah, Public Information Officer, Department of Heritage and Arts, informed the committee that the department has examples of textile designs and historic dresses on display at Salt Lake Community College and will also hold a reception at the college on Friday, October 23, 2015, at 6:00 p.m.

5. Department of Workforce Services – Annual Report

Mr. Jon Pierpont, Executive Director, Department of Workforce Services, presented the department's second annual required report by referring to a visual presentation, "Department of Workforce Services – Annual Report 2015." He reviewed cornerstones of the department's mission to be the best-managed state agency in Utah. He informed the committee of accomplishments, strategies, and improvements of the department's Eligibility Services, Workforce Development, and Unemployment Insurance Divisions. He said that the Unemployment Insurance Division has received the award as the country's best managed for five years.

Mr. Pierpont noted that the Office of Child Care has been overhauled, is simpler to administer, and is of higher quality. He reported that Refugee Services is currently assisting 60,000 refugees with employment training and housing. He reviewed highlights of the Housing and Community Development Division's continued improvements, the Workforce Research and Analysis Division, as well as the food stamp, medical, Temporary Assistance for Needy Families (TANF), Utah Cluster Acceleration Partnership (UCAP), and Workforce Innovation and Opportunity Act (WIOA) programs.

6. Governor's Office of Economic Development – Annual Report

Mr. Q. Val Hale, Executive Director, Governor's Office of Economic Development, and Ms. Kimberly Henrie, Deputy Director and Chief Operating Officer, Governor's Office of Economic Development, presented the office's annual report and referred to two visual presentations, "Governor's Office of Economic Development – 2015 Annual Report & Resource Guide" (also distributed as a booklet) and "2015 Annual Report Highlights." Mr. Hale outlined the vision, mission, business accolades, and approved projects of the office.

Ms. Henrie described six items for which the office requested receiving legislative guidance and support:

1. **Recodification correction:** to allow for partial rebates in the Economic Development Tax Increment Financing (EDTIF) program
2. **Industrial Assistance Fund (IAF):** Balance of the multitude of functions supported by the fund with technical corrections to reorganize the order of the code for improved clarity and substantive changes to percentages/amounts associated with fund categories
3. **Utah Film Commission:** Increase in the incentive cap to support the attraction of the filming of network television series in addition to the independent studio features
4. **Business Services – BRCs:** Improvement of business resource centers (BRCs) throughout the state to eliminate conflict of interest and address unmet business needs
5. **Utah Office of Outdoor Recreation:** Codification of the current pilot funding program and creation of a separate fund from the IAF (50% matching grant) to meet the increase in demand and benefits for the office
6. **Science, Technology, Engineering, and Math (STEM) Action Center:** Addition of an executive director of the Department of Workforce Services to the STEM Action Center Board, change language giving the State Board of Education incorrect authority to impact salaries for educators who acquire elementary STEM endorsement, add clarity for workforce alignment, add Utah State University Eastern to certification, and allow professional development for non-STEM educators using STEM curricula

MOTION: Rep. Arent moved to open committee bill files to accommodate the six legislative priorities as proposed by Governor's Office of Economic Development officials. The motion passed unanimously. Sen. Iwamoto, Sen. Mayne, Sen. Shiozawa, and Rep. Spendlove were absent for the vote.

7. Utah Fund of Funds – Annual Report and Audit

Chair Edwards turned the chair over to Sen. Osmond.

Mr. Bret Jepsen, Managing Director, Utah Capital Investment Corporation, presented the required annual report and audit of the Utah Fund of Funds (UFOF) and referred to a visual presentation, "Utah Capital Investment Corporation – October 2015 Updates." Mr. Jepsen stated that the Utah Capital Investment Corporation was created to increase the availability of venture capital and private equity for emerging, expanding, and restructuring enterprises in Utah, and that the corporation is governed by the five-member Utah Capital Investment Board and directs investments of the UFOF.

Mr. Jepsen reviewed the fund's economic development plan, its dual mission, and its actionable items. He explained the UFOF's plan to create a profitable investment portfolio and proactive and effective state economic development. He explained the audit and annual report and addressed the fund's key initiatives:

1. Providing Utah Capital equity refinance options with recent portfolio performance
2. Finalizing strategy to refinance original \$130 mm UFOF I debt with long-term equity supporters
3. Seeking to combine new commitments with existing UFOF I portfolio to mitigate risk

4. Providing an Internal Rate of Return (IRR) since inception of 5.0% and net multiple of 1.2x, including administrative and financing costs as of Q2'15

8. Abusive Conduct in the Workplace Training

Mr. Robert W. Thompson, Director of Labor Relations, Department of Human Resource Management, presented a handout and visual presentation, "Abusive Conduct Prevention Progress Report." He reviewed 2015 General Session H.B. 216, "Workplace Abusive Conduct Amendments to Promote a Healthy Workplace," which defines abusive conduct and requires the Department of Human Resource Management to provide training for executive branch state employees to prevent abusive workplace conduct.

Mr. Thompson also reviewed the timeline of the report, completion of the report by the various state agencies, and a summary of abusive conduct complaints.

9. Urban Redevelopment Tax Credit Proposals

Rep. Stephen G. Handy described a redevelopment tax credit program currently administered by GOED to provide nonrefundable tax credits in established enterprise zones in economically depressed rural areas. He presented a proposal to provide a similar type of income tax credit in urban areas.

Mr. Tom T. Christopoulos, Director, Community and Economic Development, Ogden City, continued with the proposal by describing the degradation of housing in deeply blighted areas and the substantial cost of redevelopment. He stated that the proposed tax credit would be matched by the local community and targeted to cover the amount of disinvestment in blighted houses in a qualified blighted housing area to provide attainable housing and encourage investment in those communities.

10. Other Items/Adjourn

MOTION: Rep. DiCaro moved to adjourn the meeting. The motion passed unanimously. Sen. Millner, Sen. Shiozawa, Rep. Edwards, Rep. Last, Rep. Peterson, Rep. Spendlove, and Rep. Wilson were absent for the vote.

Chair Osmond adjourned the meeting at 3:36 p.m.